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# Introduction

*Ajit Mishra and Andrew Samuel*

A unifying theme that emerges from this collection of articles on corruption is best reflected in an anecdote about bribery among “jeepney” taxi drivers in the Philippines, related by Sevalleno and co-authors. These taxi drivers often have to bribe officials in order to avoid being fined for real or “made-up” violations of the law. This process of bribery involves physical threats to themselves or their passengers as they negotiate these bribes. Further, their ability to make a living to provide for their family also becomes vulnerable since their license to operate may be suspended unless they pay these bribes. In this situation, taxi drivers are forced to balance concerns regarding the safety of their passengers and responsibility to their family against the ethicality of bribery. What this anecdote reveals is that choosing whether or not to bribe is not a “black and white” ethical decision with clear moral guidelines. Instead, the decision to engage in corrupt activities often involves competing moral claims over an individual. This then is the common thread that unites this collection of articles on corruption.

Dungan et. al. investigate this issue from the perspective of “behavioral psychology” and provide broad evidence of this notion of competing moral claims regarding the choice to behave corruptly. Their paper reviews their own research and others in this field, to examine the internal psychological mechanisms and cognitive processes that take place when individuals participate in corrupt activities. Some consistent themes that emerge from this literature are that, when it comes to corruption, people are moral hypocrites. That is, while they are ready to judge others for violating moral norms (with regard to corruption), they readily overlook those same considerations when their own interests are at stake. However, this selfishness is not naïve, and it is often motivated by a drive to better serve the interests of their own “in” group.

The evidence that best describes this tension between “in” group versus “out” group loyalty comes from a series of studies on the “Whistleblower’s Dilemma”. In these studies participants were asked to recall a time when they witnessed unethical behavior and had to decide whether to report the crime or to keep quiet. They found that participants who chose to report the crime were ten times more likely to use words that related to fairness and justice when asked to describe their reason for reporting. In contrast, participants who chose to remain silent were twice as likely to use words related to loyalty when describing their reason for remaining silent. To examine this moral “trade-off” between loyalty and fairness more closely, researchers posed questions to participants in order to compute a fairness score and a loyalty score for participants. Participants were then given a series of hypothetical scenarios in which they could choose to whistle blow or remain silent. Crucially, it turns out that the decision to whistle blow depends on the *difference between the loyalty and fairness scores*, although each of these scores by itself does not predict the decision to whistle blow. Related studies involving non-hypothetical scenarios in an online community also confirm that the relative valence of competing moral commitments (such as, loyalty vs. fairness) is what determines whether a decision is driven

primarily by fairness, which leads to less corruption, or by loyalty, which can lead to more corruption.

While Dungan et al.'s claims regarding the influence of loyalty over fairness come primarily from controlled behavioral studies, Sevillano et al. provide complementary evidence for this phenomenon from the field. Their study involving "jeepney" drivers shows that drivers are keenly aware of the ethical tension between providing for their family and ensuring the safety of their passengers and choosing not to pay a bribe. Thus, the laboratory evidence regarding this internal conflict is clearly manifested in the experience of these drivers.

Sevallino et al. focus on the decisions of the Jeepney drivers (the bribe payers) and do not study the ethicality of bribery from the perspective of the officials who demand bribes. However, they do note that the officials who demand bribes often use intermediaries to facilitate the bribe transactions. Previous experimental research by Drugov, Hamman, and Serra (2011) studies the role of intermediaries in facilitating corrupt transactions. They find that because employing an intermediary shifts responsibility for the act of bribery away from the individual to the intermediary, the moral cost associated with bribery for the individual is lowered. Thus, hiring an intermediary to act as an agent serves to reduce the moral dilemma associated with bribery. In light of this, it is interesting to speculate whether the officials who extort money from Jeepney drivers also face an ethical dilemma when demanding bribes, and whether they use intermediaries in order to reduce the moral cost of demanding a bribe.

While Dungan et al. and Sevallino et al. focus on empirical evidence regarding the thought processes that are associated with the ethicality of bribery, Elizabeth Barret focuses on the related legal ambiguity. Her article poses the question, "Are some bribes more harmful than others?" and highlights the fact that even laws proscribing corruption and bribery recognize that there is a "moral gradation" to bribes, with some being more harmful to society than others. Her focus is primarily on the implementation of the United States Foreign Corrupt Practices Act (FCPA) which prohibits US companies from paying bribes when conducting business overseas. She points out that the laws (and their enforcement) send conflicting messages about the ethicality of bribes. For e.g. the FCPA allows bribes that are simply made as "facilitation payments", that is, paid for something to which the company is entitled, as opposed to bribes paid to obtain an "unfair advantage". Thus, the legal-institutional structure recognizes the fact that there are different types of bribes, some of which are more harmful than others. From a consequentialist/utilitarian framework, this implies that some bribes should, therefore, be considered "more illegal" than others. While such a distinction may be useful, the thrust of her argument is that all forms of bribery "undermine the rule of law" and, therefore, are harmful. Thus, she argues that it is not always useful to distinguish between these different types of bribes.

It is worth reflecting on Barret's argument in light of the evidence presented by Sevalleno et al. Arguably, the bribes paid by "jeepney" drivers do not provide them with any unfair advantage –

yet as the readers of this article will find, the system of bribery clearly undermines the rule of law “on the street”. The final paper in this series “Does Reporting Decrease Corruption?” (Bone and Spengler) is a game theoretic model that studies the interaction between a citizen and an official where the citizen attempts to bribe the official in exchange for a favor. The authors’ main focus is to study the impact of penalties for paying and receiving a bribe, as well as policies that reward officials for reporting instances of bribery. Their first result is that stricter penalties for briber payers increases the probability of bribery, while increasing the penalty for bribe recipients (officials) reduces the probability of bribery. They also find, rather counterintuitively, that increasing the reward for reporting bribery can actually increase the equilibrium level of bribery.

Many anti-corruption campaigns have recently tried to focus on improving the “civic virtues” of being an honest official or citizen in order to increase the moral costs of giving and receiving a bribe. In light of this and the other papers in this series, an interesting question to pose here is whether one can interpret the penalties in Bone and Spengler as moral costs. If one can take such liberties, then it suggests that instilling a sense of moral duty in officials will not necessarily have the same impact on corruption as instilling those costs among citizens. Future experimental studies may find it valuable to pursue this line of research.

It is worth concluding then by pointing out that there is much to be gained by assimilating the traditional analysis of bribery, which focuses on the external environmental factors such as penalties, organizational structures and incentives, with the internal, intrinsic, and cognitive processes underlying the decision to pay a bribe. For example, if distinguishing between different types of bribes undermines rule of law, it would be interesting to examine whether creating legal distinctions can change the intrinsic moral costs associated with different types of bribery. Relatedly, while the legal system recognizes moral gradation from a primarily consequentialist perspective it does not recognize the ambiguity that arises from competing ethical commitments. In light of this, the issue for legal scholars, is whether (and how) the behavioral findings of Dungan et al. and Sevallino et al. should impact the legal understanding of bribery. We believe that policy makers could benefit substantially by research that explores these different dimensions.

## REFERENCES

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